

Al Rajhi Bank

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**MINUTES – BANKS' SELF-SUPERVISORY COMMITTEE MEETING
16 October 2001**

(CONFIDENTIAL)

Attendees

Fawzi Hobayb (Chairman)	ANB
Khalid Alluhaidan	SAMA
Chahdan Jebeyli	SAMBA
Saleh M. Al-Jerbou	Al-Rajhi
John Garrett	SHB
Naif S. AlBashir	NCB
Mohammed Ali Al-Saadi	BSF
James Stewart	Riyad
Nabeel A. Shoaib	SABB

بسم الله الرحمن الرحيم

Introduction

- Chairman of the Committee opened the 2nd meeting and welcomed the bank representatives. Chairman introduced Mr. Anoop Sapra (ANB) who would assist the Committee in keeping minutes. Chairman asked for any additional agenda items and following were added:
 - Transaction Search Criteria
 - Website Statement on SAMA Directives
 - Communication and Media Disclosure
 - Action Plan

Review of Previous Minutes

- Minutes of the previous meeting were reviewed and approved.

Implementation status of accounts and transaction search

Chairman invited individual banks to give feedback and comment on the result of their search for accounts and transactions.

- In view of release of additional listing of individual/entity names to be searched for account freeze, one bank suggested that the only way available is to go through the underlying documents physically and create a centralised database by manually capturing the relevant information (e.g. cheque reference, date, amount, name of the beneficiary, etc.). This bank estimated that since Jan.96, a total of 800,000 plus cheques have been encashed by the bank. In view of such large volume, the bank estimated that the exercise to include other documents like drafts, transfers, travellers cheques, might take a large team a period of around 1 year to complete the task. This bank further informed the Committee that they have received from their group HO a list containing 900 names of suspected individual and entities.
- Banks agreed that the major task involved in the search exercise is the physical retrieval of original checks, drafts and travellers cheques as beneficiary details are not recorded on the system. It was agreed that for incoming cheques, the paying bank should take the accountability for checking to the listed names and not the one in whose name the cheque is drawn. As regards local shares trading, it was agreed that if the data is not available with the bank, SAMA could be approached in this context.

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- It was generally agreed that SAMA in its position as the banking regulator is the only body to assess the benefits and usefulness of the outcome of search being performed by the banks irrespective of the cost involved.
- It was agreed that any match to the listed names should be promptly communicated to SAMA for freeze and appropriate action.

Transaction Search Criteria

- For the information of banks, SAMA stated that a total of 3 lists have so far been released – 1st containing 13 names, 2nd containing 27 names and 3rd containing 39 names. As international investigation is progressing, more such lists could be released.
- As regards ongoing transactions, banks stated that currently there is no online search mechanism requiring the tellers to first check the name to the list of released names. It was generally agreed that any such attempt might seriously impact the transaction processing time and negatively affect customer service.
- On the use of names for account search, it was agreed that each bank should apply judgement and due diligence in searching and providing information to SAMA so as not to flood SAMA with every possible name that apparently have no suspicious activity or account movement.
- One bank informed that they have come across full names, ID and addresses for one of the released listing. It was suggested that this bank to first give the list to SAMA for its review and eventual distribution to other banks to assist in the search criteria.

Website Statement on SAMA Directives

- On the subject of displaying standard statement on the bank's website to communicate Saudi Arabia's stand on controls pertaining to money laundering, banks agreed that such display would attain uniformity in responding to inquiries coming from various banks and institutions outside the Kingdom. As the statement containing draft wording was received a day before the meeting, it was agreed that each member would review and discuss the draft with their respective MD and present the feedback in the next meeting.

Communication and Media Disclosure

- It was discussed and agreed that all media communication on the present matter should be routed through SAMA in its position as the banking regulator. Further, it was agreed that if any bank comes across news or views of common interest relating to this subject matter, it should be brought for discussion at the meeting.

Action Plan

- 1) Each bank to present information on the tentative timeline to complete this exercise by individual items i.e. accounts, cheques, drafts, travellers cheques, transfers, local shares and international shares trading.
- 2) Feedback of discussion with the MD on the draft statement containing Kingdom's stand on matters pertaining to controls and money laundering for inclusion on the website.
- 3) Suggestion from banks to SAMA on implementing the directive on future transactions

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Date of Next Meeting

Next meeting to be held on Tuesday, 23 October 2001 at 10:00am.

Venue: The Saudi British Bank

Head Office Building

Dabbab Street

6th Floor Conference Room.

Meeting agenda

Following is the tentative agenda for the next meeting:

- Review of previous minutes
- Implementation status of accounts and transaction search
- Review of draft statement on Money laundering controls in Saudi Arabia
- Communication and Media Disclosure
- Other Matters
- Next meeting date/venue